

---

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

---

**If you are in doubt** as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Fubon Bank (Hong Kong) Limited, you should at once hand this circular to the purchaser(s) or transferee(s) or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

---

**DISCLOSEABLE TRANSACTION****Acquisition of a 19.99% equity interest in  
Xiamen City Commercial Bank**

---

A letter from the Board is set out on pages 3 to 7 of this circular.

---

## CONTENTS

---

	<i>Pages</i>
<b>Definitions</b> .....	1
<b>Letter from the Board</b>	
Introduction .....	3
Particulars of the Share Subscription Agreement .....	4
Information in relation to the Company .....	5
Information in relation to Xiamen Bank .....	5
Effect of the Subscription on the Group .....	6
Reasons for entering into the Share Subscription Agreement .....	6
Additional Information .....	7
<b>Appendix – General Information</b> .....	8

---

## DEFINITIONS

---

*In this circular, the following expressions have the meanings set out below, unless the context requires otherwise:*

“ATM”	an automatic teller machine
“Banking Ordinance”	Banking Ordinance (Cap. 155 of the Laws of Hong Kong)
“CBRC”	the China Banking Regulatory Commission
“Company”	Fubon Bank (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange. Fubon Financial holds 75 per cent of the issued shares of the Company
“Company Share(s)”	share(s) of HK\$1.00 each in the capital of the Company
“Completion”	completion of the Share Subscription Agreement
“Directors”	the directors of the Company
“FSC”	the Financial Supervisory Commission of Taiwan
“Fubon Financial”	Fubon Financial Holding Co., Ltd., a company incorporated in Taiwan, with its shares listed on the Taiwan Stock Exchange
“HK\$”	Hong Kong Dollars
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HKMA”	the Hong Kong Monetary Authority
“Latest Practicable Date”	24 June 2008 being the latest practicable date for ascertaining certain information in this circular prior to its publication
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOEAIC”	the Investment Commission of Ministry of Economic Affairs of Taiwan
“PRC”	the People’s Republic of China
“PRC GAAP”	generally accepted accounting principles in the PRC, including the Accounting Standards for Business Enterprises and the Accounting Regulations for Financial Institutions

---

## DEFINITIONS

---

“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the Company Share(s)
“Share Subscription Agreement”	the Share Subscription Agreement between the Company and Xiamen Bank dated 10 June 2008
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Strategic Cooperation and Technology Transfer Agreement”	the Strategic Cooperation and Technology Transfer Agreement dated 10 June 2008
“Subscription”	the subscription for the Subscription Shares of Xiamen Bank by the Company in accordance with the terms and conditions of the Share Subscription Agreement
“Subscription Shares”	99,950,000 newly issued ordinary shares of RMB1.00 each in Xiamen Bank
“Xiamen Bank”	Xiamen City Commercial Bank, a company incorporated and registered in Xiamen, PRC

---

## LETTER FROM THE BOARD

---



### FUBON BANK (HONG KONG) LIMITED

*(Incorporated in Hong Kong under the Companies Ordinance)*

**(Stock Code: 636)**

*Executive Directors:*

Jin-Yi Lee (*Managing Director and Chief Executive Officer*)  
Michael Chang Ming-Yuen  
James Yip

*Registered Office:*

Fubon Bank Building  
38 Des Voeux Road Central  
Hong Kong

*Non-executive Directors:*

Ming-Hsing (Richard) Tsai (*Chairman*)  
Ming-Chung (Daniel) Tsai (*Vice Chairman*)  
Victor Kung  
David Chang Kuo-Chun

*Independent Non-executive Directors:*

Robert James Kenrick  
Moses Tsang  
Hung Shih

30 June 2008

*To the Shareholders*

Dear Sir or Madam,

### **DISCLOSEABLE TRANSACTION RELATING TO THE ACQUISITION OF A 19.99% EQUITY INTEREST IN XIAMEN CITY COMMERCIAL BANK**

#### **INTRODUCTION**

It was announced by the Company on 10 June 2008 that on that date, the Company, acting as the foreign strategic investor, and Xiamen Bank entered into the Share Subscription Agreement, pursuant to which Xiamen Bank conditionally agreed to issue and the Company conditionally agreed to subscribe to the Subscription Shares for a consideration of approximately RMB230 million. In addition, the Company has further agreed to give its share of future dividends from Xiamen Bank to the existing shareholders of Xiamen Bank on a pro rata basis for any financial year for which a distribution of dividends will be declared, with a total amount of up to RMB20 million as deferred payment of part of the consideration. The Subscription Shares represent 19.99% of the enlarged issued share capital of Xiamen Bank after Completion of the Subscription. The consideration is to be satisfied entirely by cash from the Company's own internal surplus funds. Following Completion, the Company is entitled to appoint 3 directors to the new and expanded board of Xiamen Bank which will comprise 11 directors.

---

## LETTER FROM THE BOARD

---

Together with the Share Subscription Agreement, the Company and Xiamen Bank also entered into a Strategic Cooperation and Technology Transfer Agreement, under which the Company is to fulfil its responsibility as the foreign strategic investor in introducing international best banking practices and providing Xiamen Bank with necessary assistance in restructuring and upgrading its existing business and operations.

The Subscription constitutes a discloseable transaction for the Company under the Listing Rules. The purpose of this letter is to give you further information on the Subscription and other information as prescribed by the Listing Rules.

### **PARTICULARS OF THE SHARE SUBSCRIPTION AGREEMENT**

Date:	10 June 2008
Issuer:	Xiamen Bank
Subscriber:	the Company
Number of Subscription Shares:	99,950,000 newly issued ordinary shares of Xiamen Bank of par value RMB1.00 each, representing 19.99% of the enlarged issued share capital of Xiamen Bank after completion of the Subscription
Consideration:	approximately RMB230 million or RMB2.3025 per share payable in cash

In addition, the Company has further agreed to give its share of future dividends from Xiamen Bank to the existing shareholders of Xiamen Bank on a pro rata basis for any financial year for which distribution of dividends will be declared, with a total amount of up to RMB20 million as deferred payment of part of the consideration.

### **Conditions**

The Share Subscription Agreement is conditional upon (inter alia) the Company obtaining all necessary corporate authorisations to subscribe to the Subscription Shares and consents and approvals from relevant government authorities (including but not limited to CBRC, HKMA, FSC, and MOEAIC) as may be required in respect of the Share Subscription Agreement and the transaction contemplated thereunder. At the time of this circular, save for the approval from CBRC, all other conditions have been satisfied.

---

## LETTER FROM THE BOARD

---

### **Consideration**

The consideration for the Subscription Shares will be financed by the Company's own internal surplus funds. The consideration for the Subscription Shares has been arrived at after arm's length negotiations between the Company and Xiamen Bank and has been calculated by reference to, among other things, the audited net tangible asset value of Xiamen Bank at 31 December 2007 being RMB433 million. The Directors believe the consideration for the Subscription Shares is fair and reasonable and in the interests of the Shareholders as a whole.

### **Completion**

Completion will take place upon fulfillment of the conditions of the Share Subscription Agreement.

### **INFORMATION IN RELATION TO THE COMPANY**

The Company is authorised by the HKMA pursuant to Section 16 of the Banking Ordinance to carry on banking business in Hong Kong. The Company is listed on the Stock Exchange (stock code: 636) and is assigned A-2 short-term and BBB+ long-term ratings by Standard & Poor's. The Company is principally engaged in a wide range of financial services encompassing wealth management, consumer and wholesale banking, financial markets, hire purchase, securities brokerage and investment services. Fubon Financial currently holds 75 per cent of the issued shares of the Company and is, therefore, a substantial shareholder of the Company.

Fubon Financial is a leading financial services group in Taiwan and is listed on the Taiwan Stock Exchange (stock code: 2881). Fubon Financial provides a comprehensive range of financial products and services, including corporate and investment banking, financial markets, consumer finance, wealth management, investment management and insurance, with more than 6 million customers served through a network of more than 330 branches. It holds an A-2 short-term, BBB+ long-term rating from Standard & Poor's.

### **INFORMATION IN RELATION TO XIAMEN BANK**

Xiamen Bank was established in November 1996 through the amalgamation of 15 urban credit cooperatives in Xiamen as a city joint-stock commercial bank, which is a PRC domestic enterprise, with capital contributions from Xiamen Municipal Finance Bureau, private and state owned enterprises, as well as private individuals. Xiamen Bank's head office is located in the city of Xiamen.

Xiamen Bank is a commercial banking institution with a license to operate within the city limits of Xiamen. It is engaged principally in the provision of a range of RMB and foreign currency denominated banking products and services to government related entities, corporate / institutional and retail customers, including deposit taking, infrastructure financing, home mortgage loans, corporate loans, foreign currency exchange and remittance, trade finance, credit facility arrangements, safe deposit box services, bank cards, and insurance agency services.

---

## LETTER FROM THE BOARD

---

At present, Xiamen Bank maintains 32 business outlets with 31 sub-branches and one more outlet at its head office with operations across Xiamen, PRC and ranks 5th among all commercial banks in Xiamen, PRC in terms of number of outlets. Moreover, Xiamen Bank operates 100 ATMs in Xiamen, PRC. The total number of employees at the end of 2007 stands at 656.

Based on audited financials for the year ended 31 December 2007 prepared under PRC GAAP, Xiamen Bank's total assets amount to RMB17,744 million with net shareholders' equity of RMB433 million. The net profit before taxes is RMB 83 million and RMB104 million with a net profit after taxes of RMB10 million and RMB56 million for the years ended 31 December 2007 and 2006 respectively on revenue of RMB595 million and RMB410 million for the years ended 31 December 2007 and 2006 respectively. The capital adequacy ratio stands at 4.45%, which is expected to exceed regulatory requirement of 8.0% following completion of the Subscription. The non-performing loan ratio has continued to improve and stands at 4.25% at the end of 2007, slightly below national average of 4.5% for city commercial banks.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Xiamen Bank is a third party independent of the Company and connected persons (as defined in the Listing Rules) of the Company.

### **EFFECT OF THE SUBSCRIPTION ON THE GROUP**

Upon completion of the Subscription, Xiamen Bank will be owned as to 19.99% by the Company and is to be considered an associate (but not a subsidiary) of the Company. Consequently, the Company will use the equity accounting method to account for this investment in the Company's audited consolidated financial statements.

Since the immediate financial impact resulting from the Subscription is not expected to be significant as compared to the Company's overall earnings, assets and liabilities, the Directors are of the view that the Subscription will have no material effect on the earnings, assets and liabilities of the Company, and the Company will have adequate working capital after the Subscription.

### **REASONS FOR ENTERING INTO THE SHARE SUBSCRIPTION AGREEMENT**

The Directors of the Company are of the view that the terms of the Share Subscription Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Moreover, the transaction represents an extension of the Company's Greater China growth strategy in building new businesses and providing better services to its customers. Xiamen, due to its proximity to Taiwan, has been recognised by the PRC government as a critical gateway city in developing the "Strait West Economic Region". Currently, Xiamen has over 2,300 registered Taiwanese businesses, along with 3,000 Hong Kong businesses, creating an attractive ready customer base for the Company's future business development in the region.



---

**LETTER FROM THE BOARD**

---

**ADDITIONAL INFORMATION**

Your attention is drawn to the additional information set out in the Appendix to this circular.

Yours faithfully,  
for and on behalf of  
**FUBON BANK (HONG KONG) LIMITED**  
**MING-HSING (RICHARD) TSAI**  
*Chairman*

## 1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this circular have been arrived at after due and careful consideration and there are no facts not contained in this circular, the omission of which would make any statement in this circular misleading.

## 2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the Company Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of the SFO or have been recorded in the register maintained by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

### Ordinary shares in Fubon Financial of NT\$10 each

Name	Ordinary shares in Fubon Financial of NT\$10 each				Percentage of total issued shares
	Personal Interests	Family Interests	Corporate Interests	Total number of shares held	
Ming-Hsing (Richard) Tsai	209,591,280	23,736,564	1,785,844,232 <sup>(1)</sup>	2,019,172,076	26.16
Ming-Chung (Daniel) Tsai	229,536,304	32,674,166	1,785,844,232 <sup>(1)</sup>	2,048,054,702	26.53
Jin-Yi Lee	450,000 <sup>(2)</sup>	–	–	450,000	0.01
Victor Kung	460,571	–	–	460,571	0.01

*Notes:*

- (1) 1,785,844,232 shares were held through corporations in which Mr. Ming-Chung (Daniel) Tsai, Mr Ming-Hsing (Richard) Tsai and other Tsai family members have beneficial interest.
- (2) The shares were acquired during 2004 pursuant to Fubon Financial's treasury shares programme which invited the Directors and certain senior management of the Group to acquire Fubon Financial's shares at discounted price.

## 3. SHARE OPTIONS

At 31 December 2007, the Directors and Chief Executive of the Bank mentioned below held unlisted physically settled options to acquire the number of ordinary shares of par value NT\$10 each in Fubon Financial set against their respective names. These options were granted for nil consideration by Fubon Financial during the year.

Details of the share options granted and outstanding as at the Latest Practicable Date are as follows:

Name	No. of options outstanding at the beginning of the year	No. of options granted during the year	No. of shares acquired on exercise of options during the year	No. of options forfeited during the year	No. of options outstanding at the year end	Date granted	Period during which options are exercisable	Exercise price per share (NT\$)
Jin-Yi Lee	-	1,400,000	-	-	1,400,000	31 Jul 2007	31 Jul 2009 to 31 Jul 2012*	30.5
	-	2,825,000	-	-	2,825,000	7 Dec 2007	7 Dec 2009 to 6 Dec 2012#	28.2
					4,225,000			
Michael Chang	-	1,085,000	-	-	1,085,000	31 Jul 2007	31 Jul 2009 to 31 Jul 2012*	30.5
	-	1,416,000	-	-	1,416,000	7 Dec 2007	7 Dec 2009 To 6 Dec 2012 #	28.2
					2,501,000			
James Yip	-	1,085,000	-	-	1,085,000	31 Jul 2007	31 Jul 2009 to 31 Jul 2012*	30.5
	-	1,411,000	-	-	1,411,000	7 Dec 2007	7 Dec 2009 To 6 Dec 2012#	28.2
					2,496,000			
Victor Kung	-	1,410,000	-	-	1,410,000	31 Jul 2007	31 Jul 2009 to 31 Jul 2012*	30.5
	-	2,830,000	-	-	2,830,000	7 Dec 2007	7 Dec 2009 To 6 Dec 2012#	28.2
					4,240,000			

\* 50% of granted options are exercisable between 31 July 2009 and 30 July 2010  
75% of granted options are exercisable between 31 July 2010 and 30 July 2011  
100% of granted options are exercisable between 31 July 2011 and 30 July 2012

# 50% of granted options are exercisable between 7 December 2009 and 6 December 2010  
75% of granted options are exercisable between 7 December 2010 and 6 December 2011  
100% of granted options are exercisable between 7 December 2011 and 6 December 2012

All the interests in shares disclosed above under this section represent long position in the shares and underlying shares of the Company or its associated corporations (within the meaning of the SFO). Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of Company had or was deemed to have any interest or short position in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of the SFO) which has been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of the SFO and have been recorded in the register maintained by the Company pursuant to section 352 of the SFO or which has been notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

#### 4. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the register of substantial shareholders showed that the Company had been notified of the following interests, being 5% or more of the Bank's issued share capital:

Name of Shareholder	Number of Company Shares beneficially held	% of shareholding
Fubon Financial Holding Co., Ltd.	879,120,000	75

All the interests in shares disclosed under this section represent long positions in the Company Shares. Save as disclosed above, as at the Latest Practicable Date, the Company was not aware of any other person (other than the Directors and the chief executive of the Company) who had an interest or a short position in the Company Shares or underlying shares of the Company which was required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and had been recorded in the register kept by the Company pursuant to section 336 of the SFO.

#### 5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

#### 6. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

**7. MATERIAL ADVERSE CHANGE**

The Directors are not aware of any material adverse change to the Group since 31 December 2007 (the date to which the latest published audited financial statements of the Group were made up).

**8. MATERIAL INTEREST**

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which contract or arrangement is subsisting as at the date of this circular and which is significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since the date to which the latest published audited accounts of the Group were made up, acquired or disposed of by, or leased to any member of the Group, or are proposed to be acquired or disposed of by, or leased to, any member of the Group.

**9. DIRECTORS' INTERESTS IN COMPETING BUSINESS**

As at the Latest Practicable Date, none of the Directors or their respective associates had any interest in any business which competed or was likely to compete, either directly or indirectly, with the business of the Group (as would be required to be disclosed under Rule 8.10 of the Listing Rules if each of them was a controlling shareholder).

**10. MISCELLANEOUS**

- (a) The Company was incorporated in Hong Kong on 27 January 1970. Its registered office is at 38 Des Voeux Road Central, Hong Kong.
- (b) As of the date of this circular, the Company's Directors are Jin-Yi Lee (Managing Director and Chief Executive Officer), Michael Chang Ming-Yuen, James Yip as Executive Directors; Ming-Hsing (Richard) Tsai (Chairman), Ming-Chung (Daniel) Tsai (Vice Chairman), Victor Kung, David Chang Kuo-Chun as Non-Executive Directors; and Robert James Kenrick, Moses Tsang and Hung Shih as Independent Non-Executive Directors.
- (c) The qualified accountant of the Company is David Lam Yiu Chau who is a member of the Hong Kong Institute of Certified Public Accountants.
- (d) The company secretary of the Company is Juliana Chiu Yuk Ching who is a member of The Hong Kong Institute of Chartered Secretaries.
- (e) The Hong Kong share registrar of the Company is Computershare Hong Kong Investor Services Limited, which is situated at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (f) The English language text of this circular shall prevail over the Chinese language text.